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RUEHBU/AMEMBASSY BUENOS AIRES 5460
RUEHCV/AMEMBASSY CARACAS 2687
RUEHPE/AMEMBASSY LIMA 2862
RUEHMU/AMEMBASSY MANAGUA 0491
RUEHMN/AMEMBASSY MONTEVIDEO 4764
RUEHPU/AMEMBASSY PORT AU PRINCE 0087
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TAGS: [PGOV](#) [PREL](#) [ECON](#) [BL](#)
SUBJECT: COMRADE CHAVEZ'S CHECKS COVER THE COUNTRY

REF: A. LA PAZ 859
[1](#)B. LA PAZ 1664

Summary

[1](#)1. (SBU) Over the past week, President Morales has handed out Venezuelan checks or goods amounting to over USD 18 million. During a July 31 visit to Oruro where he delivered over USD two million in Venezuelan aid checks President Morales likened Venezuelan President Hugo Chavez to Simon Bolivar. On July 30, Venezuela's DCM and President Morales delivered USD 10 million in heavy equipment to Bolivia's opposition-controlled Beni department. On July 27, Morales announced that he was giving a Venezuelan donation of USD 5.5 million to the armed forces. The opposition argues that the checks circumvent the GOB's normal budgetary and foreign assistance accounting procedures (reftel A), and that President Morales is illegally channeling the funds for political patronage. The opposition wants Bolivia's controller to audit the GOB's alleged irregularities in parsing out Venezuelan assistance. The GOB argues the donations are legal as they comply with its Supreme Decree [1](#)29079. The opposition may be looking to the controller to audit the GOB because they recognize the Constitutional Tribunal -- where four of its five magistrates are under politically motivated impeachment proceedings (reftel B) -- may never get a chance to rule on the legality of SD 29079. End Summary.

Hugo and Evo Deliver

[1](#)2. (SBU) President Morales, during a July 31 visit to Oruro where he delivered over USD two million in Venezuelan aid checks to the Oruro mayor, likened Venezuelan President Hugo Chavez to Simon Bolivar. Morales stated " . . . a Venezuelan, Simon Bolivar founded Bolivia, this is the fatherland (Patria Grande); they (the United States) have divided us, no north American founded Bolivia and now comrade Hugo Chavez continues to strive for the fatherland." The

checks, according to the GOB, are destined for infrastructure projects, such as the construction of a new market, a stadium, recreation centers, and classrooms.

13. (SBU) Venezuela's DCM Douglas Perez announced a donation of USD 10 million in heavy equipment to Bolivia's opposition-controlled Beni department on July 30. Beni suffered extreme flooding earlier this year. President Morales and his ministers of defense and presidency were on hand in Trinidad for the donation. Neither Beni prefect Ernesto Suarez nor the Trinidad mayor attended the donation ceremony. Prefecture officials claim the prefect was not invited.

14. (SBU) President Morales on July 27 announced that he was giving a Venezuelan donation of USD 5.5 million to the armed forces. MILGRP officers confirmed that donations are destined for regimental units and below (200 to 300 soldiers), each unit receiving approximately USD 50,000. This Venezuelan donation would amount to close to four percent of the military's USD 150 million budget. In making the donation, Morales stated, "this unconditional Venezuelan aid cannot simply go to mayors, social sector groups, and a few departments, that is why I decided to send some to the armed forces and police."

The Opposition Objects

15. (SBU) The opposition argues that the checks circumvent the GOB's normal budgetary and foreign assistance accounting procedures (reftel A). PODEMOS (opposition) deputy Edwin Jiminez announced on July 31 that he would submit a proposal before Congress to authorize Bolivia's Controller to investigate the GOB's irregularities in parsing out Venezuelan assistance. Jiminez alleges the GOB has violated a number of Bolivian laws. He also accuses that President Morales is illegally channeling the funds for political patronage.

16. (SBU) In June, Jiminez sent a letter to the Ministry of Foreign Affairs (MFA) requesting an explanation of how the donations were legally being distributed. The MFA, according to Cochabamba newspaper Los Tiempos, sent Jiminez a note that explained that the GOB was executing the donations as provided for under the Bolivarian Alternative for the Americas (ALBA) and the GOB's March 27 Supreme Decree 29079. President Morales, via SD 29079, essentially legalized large direct Venezuelan payments to mayors. Under SD 29079, mayors can directly procure more than USD \$225,000 in funds for municipal projects. (Note: Under the old law, mayors were only authorized to direct donations of up to USD \$20,000).

Comment

17. (SBU) The opposition may be looking to the controller to audit the GOB because they recognize the courts may never get a chance to rule on the legality of SD 29079. With four of five Constitutional Tribunal Magistrates under politically motivated impeachment proceedings (reftel B), the court may essentially be closed by the time a case regarding SD 29079 could be heard. While the Controller searches for GOB irregularities, President Morales continues to enjoy the goodwill he is generating by doling out large sums of Venezuelan money. End Comment.

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